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TESTIMONY OF ALFRED DELLAVALLE, VICE PRESIDENT OF AND ON BEHALF OF
AMERICAN MEDICAL RESPONSE OF CONNECTICUT, INC.
BEFORE THE FINANCE, REVENUE AND BONDING COMMITTEE
OF THE GENERAL ASSEMBLY

MARCH 2, 2009

IN OPPOSITION TO Raised S.B. 999

Good Afternoon, I am Alfred Dellavalle, Vice President of Government Relations for American Medical Response of Connecticut, Inc. ("AMR"), which has a business address of 55 Church Street, New Haven CT 06510. I provide this testimony on behalf of AMR in opposition to Raised S.B. 999, in particular those portions which would increase the tax on diesel fuel by 4 cents per gallon, and on gasoline by 5 cents per gallon, effective April 1, 2009.

These proposed fuel increases will have a significant harmful effect on AMR, which is the state's largest provider of Emergency Medical Services ("EMS")...Last year, AMR transported approximately 200,000 sick people in ambulances to state hospitals. This task required the operation of a fleet of 113 ambulances, the employment of a staff of over 900 professionals, and the travel of approximately 7 million miles under the power of either gasoline or diesel fuel. AMR will feel the effects of these tax increases, sorely.

These tax increases are particularly hard for AMR to bear because AMR is a rate regulated private entity which provides a public safety service. It warrants noting that under Connecticut's public utility model for EMS delivery, ambulance service is exceptionally well provided. It is reliable, high quality, and a model to other states nationwide. However, it is not without cost, and these tax increases strike AMR in a very difficult climate. The need for EMS is constantly increasing, both in terms of the numbers of people who need care, and the complexity of the care that they require. The cost for that service has increased with higher costs for medical supplies, increased regulatory requirements for employee training and patient

convenience, and increased mandates for participation in often unfunded public safety programs. The payment for that service is concurrently decreasing, with a growing population of uninsured or underinsured, decreasing Medicare rates, and Medicaid rates that are below AMR's operating costs. Even though it was just a short time ago this Legislature recognized the public health problems presented by underpayment to Medicaid providers, Medicaid expenses are this year targeted for even further reductions.

AMR of course recognizes that revenue must be raised, taxes must be imposed, and that the current economic situation is difficult. AMR opposes S.B. 999 nonetheless, because this bill proposes to raise Connecticut's fuel taxes, which were all ready the 6th highest of all 50 states as of January 2009, to what may be the 1st or 2nd highest in the nation. AMR's return on investment is regularly reported, tightly regulated, and very modest. In the near term, this tax increase will further erode that return, with only further erosion in the foreseeable future.

AMR is heavily invested in the State of Connecticut, and committed to it. AMR urges the Committee, in its effort to raise revenue, to exercise every possible effort to find a revenue sources that has more room to bear the tax burden than does the EMS industry.

Thank you.